

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-10 IO-13 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 HA-05
PM-05 H-01 L-03 NSC-05 PA-01 SS-15 /116 W
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P R 311828Z MAR 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC PRIORITY 5299
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION GENEVA
AMEMBASSY LONDON
AMEMBASSY MADRID
AMCONSUL OPORTO
AMEMBASSY OSLO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
AMEMBASSY ROME
AMCONSUL SAO PAULO
AMEMBASSY STOCKHOLM
USMISSION USNATO
DIA WASHDC
USCINCEUR VAIHINGEN GER
COMUSFORAZ

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 2436

BRUSSELS ALSO FOR USEEC

E.O. 11652: GDS
TAGS: ELAB, PO
SUBJECT: NORTHERN BANKS REOPEN BUT LABOR UNREST CONTINUES

REF: LISBON 2353 (DTG 301309Z MAR 78)

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SUMMARY: LABOR CONTRACT NEGOTIATIONS, PARTICULARLY IN THE
PUBLIC SECTOR, ARE BOGGING DOWN. THE NORTHERN BANKWORKERS
UNION HAS LIFTED ITS STRIKE AND LISBON LONGSHOREMEN HAVE
TEMPORARILY SUSPENDED A PORT SLOWDOWN, BUT STRIKES ARE
THREATENED BY TEACHERS, PUBLIC SERVICE, HIGHWAY TRANSPORT,
RAILROAD, AND SUBWAY WORKERS. WHILE ALL DISPUTES
CENTER ON WAGE-RELATED DEMANDS, THERE IS CONCERN IN

GOVERNMENT CIRCLES THAT THE PCP-DOMINATED WORKERS CONFEDERATION (CGTP) MAY BE SEEKING TO EXPLOIT MOUNTING WORKER DISCONTENT. END SUMMARY.

1. NORTHERN BANKWORKERS HAVE JOINED THEIR COUNTERPARTS IN THE SOUTHERN AND CENTRAL REGIONS IN SUSPENDING STRIKE ACTIVITY. NORTHERN BANKS REOPENED MARCH 31. THE DISPUTE IS NOW IN ARBITRATION WITH SOMEWHAT IMPROVED CHANCES FOR SETTLEMENT. THE NORTHERN AND CENTRAL UNIONS, HOWEVER, HAVE MADE CLEAR THEIR INTENTION TO STRIKE AGAIN IF THE SETTLEMENT IS UNSATISFACTORY.

2. LONGSHOREMEN IN LISBON, WHO HAVE BEEN WORKING-TO-RULE SINCE MARCH 27 TO ENFORCE DEMANDS FOR RETROACTIVE PENSION PAYMENTS, HAVE TEMPORARILY SUSPENDED A SLOWDOWN WHICH HAD TIED UP PORT TRAFFIC. THE LONGSHOREMEN HAVE ALSO THREATENED FUTURE STRIKE ACTION IF THE MINISTRY OF TRANSPORT FAILS TO MAKE RETROACTIVE PENSION PAYMENTS FOR 500 RETIREES.

3. THE TEACHER, PUBLIC SERVICE, AND RAILROAD WORKERS UNIONS, ALL COMING OFF RECENT NATIONWIDE STRIKES, ARE DISSATISFIED WITH GOVERNMENT SETTLEMENT TERMS AND ARE THREATENING TO STRIKE AGAIN IN APRIL. SUBWAY AND HIGHWAY TRANSPORT UNIONS ARE ALSO TALKING STRIKE AS CONTRACT NEGOTIATIONS FALTER AND WORKERS IN THE PHARMACEUTICAL

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INDUSTRY ARE READY TO BREAK OFF NEGOTIATIONS. ONE OF THE FEW BRIGHT SPOTS IN THE LABOR SECTOR WAS THE MARCH 30 SETTLEMENT OF THE TWO MONTH OLD NATIONAL SOAP INDUSTRY STRIKE.

4. DURING THE AMBASSADOR'S MARCH 30 CALL ON LABOR MINISTER MALDONADO GONELHA, THE MINISTER SUGGESTED THAT LABOR UNREST OVER THE NEXT TWO MONTHS COULD POSE SERIOUS PROBLEMS FOR THE GOVERNMENT. IN ADDITION TO THE PROBLEM DESCRIBED ABOVE, GONELHA ANTICIPATES PROBLEMS IN THE MERCHANT MARINE AND IN THE CIVIL CONSTRUCTION AND METALLURGICAL INDUSTRIES. PRICE INCREASES STEMMING FROM AUSTERITY MEASURES, A GENERAL DECLINE IN REAL WAGES, AND AN EXPECTED INCREASE IN TAXES ARE THE UNDERLYING CAUSES. BUT THERE ARE ALSO POLITICAL FACTORS WHICH THE MINISTER BELIEVES THE COMMUNISTS WILL SEEK TO EXPLOIT AS LABOR CONTRACT TALKS PROCEED. HE EXPECTS THAT THE IMF NEGOTIATIONS AND THE GOVERNMENT'S ECONOMIC PROGRAM WILL COME UNDER INCREASING ATTACK FROM THE LEFT IN THE WEEKS AHEAD PARTICULARLY AS THE CGTP PREPARES ITS APRIL 25 AND MAY DAY COMMEMORATIVE ACTIVITIES. IN AN EARLIER CONVERSATION WITH THE AMBASSADOR, PRIME MINISTER SOARES ALSO RAISED THE

POSSIBILITY OF PROBLEMS FOR THE GOVERNMENT IN THE
LABOR SECTOR.

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5. COMMENT: WHILE IT IS STILL TOO EARLY TO SAY THAT
THE COMMUNISTS HAVE DEPARTED FROM THEIR TEMPORIZING
STRATEGY IN THE LABOR FIELD, THE CONDITIONS FOR DOING SO
CLEARLY EXIST AND GOVERNMENT CONCERN IS NOT TOTALLY
UNFOUNDED. AT A MARCH 30 CGTP NATIONAL PLENARY MEETING,
DELEGATES VOTED TO MAKE MAY DAY A DAY OF "NATIONAL STRUGGLE,"
AND COMMEMORATIVE ACTIVITIES COULD INCLUDE ANTI-GOVERNMENT
STREET DEMONSTRATIONS. MORE SIGNIFICANTLY, THE GOVERNMENT'S
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CAPACITY FOR MEETING WAGE DEMANDS BY AN INCREASING NUMBER OF PUBLIC SECTOR UNIONS IS SERIOUSLY LIMITED BY ECONOMIC CONDITIONS, AND THE IMPOSITION OF AUSTERITY MEASURES IS EXACERBATING AN ALREADY SENSITIVE SITUATION.

6. THE MARCH 10 NATIONWIDE STRIKE OF PUBLIC SERVICE WORKERS FAILED FOR LACK OF SUFFICIENT WORKER ADHERENCE. HOWEVER, RECENT PRICES HIKES, PARTICULARLY IN PUBLIC TRANSPORT AND UTILITIES, HAVE HAD A SIGNIFICANT IMPACT ON THE LABOR FORCE IN GENERAL. SHOULD FUTURE STRIKE ACTION OCCUR ACCROSS SECTORS AND INDUSTRIES THE GOVERNMENT SHOULD HAVE ITS HANDS FULL. IT REMAINS DOUBTFUL, HOWEVER, THAT THE CGTP WOULD CALL A GENERAL STRIKE. BUT IT CAN EXPLOIT STALLED CONTRACT NEGOTIATIONS AND INCREASING WORKER DISCONTENT TO PUT SIGNIFICANT PRESSURE ON THE PS/CDS GOVERNMENT.
BLOOMFIELD

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